

## Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 NSC-07 SP-03 SS-20 RSC-01 CIAE-00

INR-10 NSAE-00 L-03 AID-20 IGA-02 MC-02 EB-11 OMB-01

SSO-00 INRE-00 NSCE-00 DRC-01 /100 W

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FM AMEMBASSY SEOUL

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INFO SECDEF WASHDC IMMEDIATE

JCS WASHDC IMMEDIATE

CINCPAC

S E C R E T SEOUL 4547

JOINT EMBASSY/COMUSK MESSAGE

E.O. 11652: GDS

TAGS: MASS KS

SUBJECT: US POLICY ON FUTURE ROK AIRCRAFT ACQUISITIONS

REF: A SEOUL 2670; B SEOUL 2684; C SEOUL 3335;

D. COMUSK 280845Z MAY; E. CINCPAC 070045Z JUNE

1. REFS A, B, C, AND D PROVIDED COMMENTS ON ROKG  
DECISION TO PURCHASE F4E AND A-7 AIRCRAFT. IN REF E,  
CINCPAC RECOMMENDED THAT USG PROVIDE NO FUNDING SUPPORT  
FOR KOREAN PURCHASE OF F4E'S AND THAT USG POLICY BE TO  
LIMIT THEM TO A TWO SQUADRON F-4 FORCE (UPGRADED FROM  
D'S TO E'S) SHOULD THEY PERSIST IN GOING CASH ROUTE.

2. SINCE THE REFERENCED MESSAGES THE ROK POSCLION AS  
REGARDS THE F-4 SITUATION HAS MODIFIED SOMEWHAT.  
PURPOSE OF THIS MESSAGE IS TO TJTLINE CURRENT TOK  
ATTITUDQS TOWARD FUTURE AIRCRAFT ACQUISITIONS AND TO PRE-  
SENT POSSIBLE ALTERNATIVES FOR US POLICY.

3. AGAINST THE BASE LINE FORCE OF 96 F-5A/B'S, ONE F-4D

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SQUADRON, AND 72 F5E'S BEING OBTAINED UNDER THE MOD

PROGRAM, OUR CURENT ESTIMATE REGARDING ROK INTENTIONS FOR FURTHER AIRCRAFT ACQUISITION IS AS FOLLOWS:

A. TO BUY EIGHT A-7 AIRCRAFT (THEY ARE SEEKING LETTER OF OFFER THROUGH LING TEMCO VOUGHT.)

B. TO BUY 57 (3 SQUADRONS PLUS ATTRITION) F4E AIRCRAFT FOR WHICH THEY HAVE REQUESTED A LETTER OF OFFER, ALL TO FINANCED THROUGH FMS CREDIT. AS REPORTED IN REF C. TO OBTAIN THE THREE SQUADRONS THEY ARE CURRENTLY CONSIDERING PURCHASING ONE F4E SQUADRON DIRECTLY FROM US PRODUCTION LINE AND ESTABLISHING A JOINT VENTURE WITH MCDONNELL DOUGLAS FOR FINAL ASSEMBLY OF THE REMAINING TWO SQUADRONS. HOWEVER, CO-PRODUCTION OF F5E IS ALSO BEING CONSIDERED, AND ROK'S HAVE AFFIRMED THEY HAVE NO INTENTION ASSEMBLING BOTH PLANES IN COUNTRY. BOTH MCDONNELL DOUGLAS AND NORTHROP HAVE IN THE PAST TWO WEEKS BEEN ASKED TO DO INDUSTRIAL SURVEYS WHICH PRESUMABLY WILL PROVIDE BASIS FOR DECISION.

∴ TO REQUEST RETENTION OF THE BAILED F4D SQUADRON..(WE HAVE ONLY INFORMAL WORD ON THIS BUT BELIEVE THEY WILL PRESS FOR RETENTION WHEN WE TELL THEM OUR PLANS TO RETURN THE F5A'S FROM VIET NAM.)

4. THIS SITUATION REQUIRES DECISIONS REGARDING THE A-7, CO-PRODUCTION, THE BAILED SQUADRON, AND ESPECIALLY TYPE AND NUMBER OF F4 SQUADRONS WE SHOULD SELL THEM. WE MUST ALSO DECIDE ON FMS CREDIT WE ARE PREPARED TO PROVIDE IN VARIOUS CONTINGENCIES.

5. AS REGARDS THE EIGHT A-7'S, NO ONE HERE BELIEVES THIRD AIRCRAFT TYPE CAN BE JUSTIFIED FROM EITHER MILITARY OR COST EFFECTIVENESS POINT OF VIEW. WE RECOMMEND DISPOSING OF THIS ISSUE BY INFORMING ROKG WE WOULD NOT BE PREPARED TO ISSUE EXPORT LICENSE. GENERAL STILWELL HAS ALREADY MADE IT CLEAR TO LTV TEAM RECENTLY HERE THAT A-7 APPEARED OUT OF RUNNING. THIS WORD HAS GOTTEN TO ROKG AND IT ONLY REMAINS FOR WASHINGTON TO AFFIRM IT.

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SINCE KOREANS THEMSELVES ARE NOW READDRESSING THE QUESTION OF F5E CO-PRODUCTION VS. F4E CO-ASSEMBLY, AND SINCE THEY MAY WELL DECIDE ON THEIR OWN TO GO FOR THE X F5E, WE DO NOT HAVE TO TAKE A POSITION THIS QUESTION AT THIS TIME. WE WILL, HOWEVER, CONTINUE TO POINT OUT THAT F5E WOULD BE MOST COST EFFECTIVE PLANE FOR ACQUISITIONS BEYOND THOSE CONTEMPLATED IN

MOD PLAN. IN ADDITION. WASHINGTON AGENCIES COULD ASSIST IN INFLUENCING DECISION IF THEY WERE TO MAKE IT KNOWN THEY WOULD SUPPORT ONLY F5E CO-PRODUCTION OPTION WITH FMS.

7. KEY QUESTION NOW IS SIZE AND COMPOSITION OF F-4 FORCE WE SHOULD APPROVE AND/OR SUPPORT. THERE ARE SEVERAL ALTERNATIVES.

A. TAKE BACK BAILED F4D SQUADRON (COINCIDE WITH RETURN OF F5A'S) AND PROHIBIT SALE OF ANY F4E'S LEAVING ROKAF WITH ONE F4D SQUADRON. (SINCE ROKAF PRESENT HOLDING OF F4'S - TWO SQUADRON EQUIVALENT- HAS ESTABLISHED IN THEIR PERCEPTION AN IRREDUCEABLE THRESHOLD, THIS ALTERNATIVE IS MAINFESTLY UNACCEPTABLE TO ROKG. CONSEQUENTLY, IT DOES NOT MERIT FURTHER CONSIDERATION.)

B. SANCTION AN F-4 COMPONENT OF TWO SQUADRONS (18 UE EACH) AND ASSIST ROKAF TO MAINTAIN THAT LEVEL BY (1) SELLING, AT NEGOTIATED PRICE, THE SQUADRON ON BAILMENT PLUS SEVERAL ADDITIONAL AIRCRAFT TO CONSTITUTE TWO FULL F4D SQUADRONS, OR (2) SELLING ONE F4E SQUADRON AND CONTINUING BAILMENT OF F4D UNTIL F4E'S ARE DELIVERED.

C. SANCTION AN F-4 COMPONENT OF A FULL WING (THREE SQUADRONS OF 18 UE EACH). THERE ARE THREE VARIANTS TO THIS ALTERNATIVE:

(1) ALL F4D'S. ALTERNATIVE B(1) ABOVE WOULD BE EXTENDED BY PURCHASE OF AN ADDITIONAL F4D SQUADRON FROM USAF INVENTORY.

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(2) TWO F4D/ONE F4E SQUADRONS. ALTERNATIVE B(1) ABOVE WOULD BE EXTENDED BY PURCHASE OF ONE F4E SQUADRON FROM NEW PRODUCTION.

(3) ONE F4D/TWO F4E SQUADRONS. ALTERNATIVE B(2) ABOVE IS EXTENDED BY PURCHASE OF TWO F4E SQUADRONS FROM NEW PRODUCTION.

8. ON F-4 QUESTION WE START FROM PREMISE THAT ROKG AT HIGHEST LEVELS IS DETERMINED TO ACQUIRE MINIMUM ONE FULL WING - THREE SQUADRONS - OF F-4'S. IF THESE CANNOT BE ACQUIRED UNDER MOD PROGRAM, ROKG APPEARS WILLING PAY CASH FOR THOSE USG WOULD NOT FUND OR SUPPORT WITH FMS CREDIT. DECISION TO LIMIT THEM TO

LESS THAN FUL WING (54 UE) WOULD HAVE TO BE UNDERTAKEN IN EXPECTATION OF DIFFICULT NEGOTIATION IN WHICH WE MUST BE PREPARED TO STICK TO OUR POSITION, EVEN TO POINT OF REFUSING CREDIT OR EXPORT LICENSE AND ACCEPTING RISK THEY MAY LOOK ELSEWHERE FOR COMPARABLE AIRCRAFT.

9. OF THE ALTERNATIVES DISCUSSED IN PARA 7 ABOVE, B(1) WOULD BE THE LEAST EXPENSIVE AND QUICKEST TO ACHIEVE. BOTH B(1) AND (2) WOULD FALL SHORT OF THE ROK DESIRE FOR A LARGER F4 FORCE THAN CURRENTLY HELD. ANY OF THE VARIANTS OF ALTERNATIVE C WOULD PROBABLY MEET THEIR MINIMUM REQUIREMENTS BUT WOULD BE MORE EXPENSIVE, BOTH IN TERMS OF INVESTMENT AND OPERATING COSTS. MOREOVER, C(2) AND (3) ENVISAGE A MIXED FORCE OF D AND E MODELS, FURTHER COMPLICATING MAINTENANCE PROBLEMS.

10. AS SEEN HERE, BASIC POLICY QUESTION IS SIZE OF F-4 FORCE USG WILL SUPPORT, AND WE BELIEVE CHOICE LIES AMONG VARIANTS OF ALTERNATIVES B AND C, ALTHOUGH C(3) WHILE ACCEPTABLE WOULD BE EXPENSIVE. WHILE WE LEAN TOWARD B(1), OUR ABILITY TO PERSUADE ROKG TO ACCEPT EITHER OF THE B ALTERNATIVES WILL DEPEND IN LARGE MEASURE ON HOW FIRM WE ARE ABLE OR WILLING TO BE ON LIMITING FINANCIAL SUPPORT FOR F-4 ACQUISITIONS AS COMPARED TO WILLINGNESS TO SUPPORT FUTURE CO-PRODUCTION OF F5E'S.

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11. THE BAILED SQUADRON OF F-4D'S IS KEY TO ALL ALTERNATIVES. B(1), C(1) AND C(2) ENVISAGE ITS IMMEDIATE SALE TO THE ROKG. AS REGARDS REMAINING ALTERNATIVES, ROKG WILL CERTAINLY BE MOST UNWILLING TO GIVE UP BAILED SQUADRON UNTIL F4'S BEGIN ARRIVING. IN OUR VIEW PERHAPS MOST IMMEDIATE PROBLEM IS TO FIND SOME WAY OF RETAINING THE BAILED SQUADRON IN ROKAF HANDS --BY PURCHASE OR LEASE --BEYOND MAY, 1975.  
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